

May 20, 2021

To:
Kieran McConnell
Vice President, Projects & Engineering
Creative Energy
#1 – 720 Beatty Street
Vancouver, Canada

The City of Vancouver supports buildings and energy utilities in the city to respond to the climate emergency and to transition to a low carbon future. As part of the Climate Emergency Action Plan, the City has set targets to reduce building emissions in the city by 50% by 2030.

Creative Energy has informed us of plans (“the plans”) to add a permanent low carbon heating source to its 720 Beatty heating plant serving its downtown steam system. These plans call for the installation of large electric boilers, which will provide at least 10MW of permanent low carbon heat, intended to run year-round, serving the base load of the steam system. The plans were summarized and provided in confidence to the City in the form of a Low Carbon Feasibility Report dated October 25th, 2020. Creative Energy has asked the City to confirm if the low carbon heating source outlined in the plans would be considered a Low Carbon Energy System (LCES), as defined in City policies and By-laws.

This letter is to confirm that, with the exceptions noted below regarding timing and availability, the planned addition of a permanent low carbon heating source to the Creative Energy downtown Vancouver steam system (“this LCES”), if successfully implemented in substantial compliance with the plans, will meet the current definition of a Low Carbon Energy System as defined in the City’s *Low Carbon Energy System Policy (“LCES Policy”)*¹, as defined in the Building By-law, and as referenced in the *Green Buildings Policy for Rezoning*s. By meeting these definitions, developments connecting to this system will be eligible to use the LCES compliance option in the *Green Buildings Policy for Rezoning*s, and in the Building By-law, which allow less stringent performance limits on building heat loss and energy use.

This confirmation is based on the policies and by-laws in effect today, and on the assumption that the plans, if successfully implemented, will provide a permanent source of low carbon energy to developments connecting to it, at a carbon intensity low enough for those developments to meet their applicable greenhouse gas requirements established in City policies and by-laws. This confirmation could change if the policies and by-laws, these assumptions, or information informing them, were to change. This confirmation does not apply to any other uses of the term “low carbon energy system” that may exist within City documents, by-laws, policies, guidelines, or agreements, unless otherwise stated by the City.

New developments planning to comply with City requirements by connecting to this LCES must note the following exceptions to the confirmation stated above:

¹ <https://guidelines.vancouver.ca/L009.pdf>

- 1) Timing: As noted in the *LCES Policy*, the confirmation noted above does not apply to developments that apply for building permits before implementation of the plans has reached a stage satisfactory to the Director of Planning or the Chief Building Official, or his or her designate. This requires, at a minimum, the receipt of third-party approvals, including the BC Utilities Commission (BCUC) and BC Hydro, and the beginning of construction of these plans by Creative Energy. It is our understanding that Creative Energy anticipates the BCUC process to continue through 2022, and construction to begin in 2022. For projects pursuing a staged building permit, building permit application refers to the stage 3 application, for full above-grade construction.

Note: Until Creative Energy has begun implementation of the plans, applications for Rezoning and Development Permit may include plans to connect to this LCES if they also include plans for a viable on-site LCES that meets the LCES compliance option in City policies and by-laws. Applications for Building Permit (Stage 3) may only include plans to connect to this LCES once implementation of the plans has begun.

- 2) Availability: the confirmation noted above does not apply to developments that are unable to connect to this LCES, or if sufficient supply of low carbon energy is not available from this LCES. As noted in the *LCES Policy*, As part of application documents to the City, developments planning to connect to this LCES must provide written confirmation from Creative Energy of the plan for the development to connect to the LCES, the carbon intensity of energy to be provided to the development, the approximate total annual energy to be provided, and how this relates to the total low carbon energy supply available from the LCES. The carbon intensity and total energy values must be consistent with other application documents for the development, such as those showing compliance with energy use, heat loss, and greenhouse gas limits. As also noted in the *LCES Policy*, once operational this LCES must report annually to the City on the performance of the LCES, the carbon intensity of energy supplied, and the allocation of renewable energy supply.

The City is supportive of Creative Energy's efforts to transition to a low carbon future, and believe the steam system has an important role to play in achieving the city's 2030 Climate Emergency goals. To assist the City in supporting these efforts, we ask that Creative Energy provide a written progress update to the City at major project milestones, or every six months, whichever is less, until this LCES is operational. We look forward to the successful implementation of Creative Energy's plans for a permanent low carbon energy source, and to assisting the building industry in navigating relevant City policies and by-laws.

Sincerely,



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